TENNESSEE VALLEY AUTHORITY

Supplement to Medicare 2007

Almost anyone age 65, and anyone under age 65 who receives a Social Security disability benefit, is eligible for Medicare.

The TVA Supplement to Medicare provides some benefits that are not paid by Medicare. It supplements and extends your insurance coverage. To determine if you are eligible for this coverage, see next page.

Following is a comparative summary of Medicare benefits through this Supplement.

Hospital Insurance (Part A)

Medicare	Supplement
For the first 60 days in a hospital, Part A pays for all the covered services, except for the first $992.00.	Pays the first $992.00.
For the 61st through the 90th day in a hospital, Part A pays for all covered services except for $248.00.	Pays the $248.00 a day for 61st through 90th day.
For 60 additional "lifetime reserve" days, Part A pays for all covered services in a hospital, except for $496.00 a day.	Pays the $496.00 a day of hospital charges for 60 lifetime reserve days.
Does not pay for more additional days.	Pays for 215 additional days of hospital charges per benefit period.
Does not cover private-duty nurses.	Pays 80 percent of the charge for 480 hours of an in-hospital private-duty licensed nurse per benefit period, if required and nurse is not related to subscriber.
Pays for all covered services in a participating skilled nursing facility for the first 20 days in each benefit period. (See your Medicare Handbook for requirements.)	None
Pays for 80 additional days in the skilled nursing facility per benefit period except for $124.00 a day.	Pays the $124.00 a day of skilled nursing facility charges from 21st through 100th day of each benefit period.
None	Pays charges not exceeding $124.00 a day for 100 additional days in the skilled nursing facility after all days provided by Medicare have been used.
For blood transfusions for inpatients, Medicare pays for all but the first three pints each calendar year.	Pays for the first three pints of unreplaced blood or blood plasma not paid by Medicare.

Coverage for a stay in a skilled nursing facility could total as much as 200 days in a calendar year.

Medical Insurance (Part B)

(1) After you meet a $131.00 deductible each year (see your Medicare Handbook), Medicare pays 80 percent of usual, customary, and reasonable charges for many medical services and supplies, including:

- Physicians' charges
- Outpatient hospital services
- Use of durable medical equipment
- Oxygen
- Home health services
- Outpatient physical therapy service
- Ambulance.

(2) The Supplement pays 20 percent of Medicare-approved charges submitted for any Part B medical services and supplies.

The above expenses are not covered when billed for, by, and payable to a hospital inside the United States that is not a Blue Cross member or a Medicare-approved hospital, or to a hospital that is, other than incidentally, a place for the treatment of mental disorders.

In a Blue Cross participating hospital not approved for Medicare, the benefits regularly provided by Medicare will be deducted before these services and supplies become covered expenses.

Benefits under Medicare and this Supplement:

1. Who is eligible?

Any TVA retiree, spouse, and dependents currently covered under TVA's medical plan who become eligible for Medicare may have coverage under this insurance plan that supplements Medicare. NOTE: A subscriber who elects to drop this Supplement plan will not be able to reenroll at a later date.

2. How to enroll

If you are currently enrolled in a TVA retiree medical plan, you will automatically be enrolled in the Supplement to Medicare plan when you reach age 65.

Medicare Part D coverage is part of the Supplement Plan. You do not need to enroll in a Medicare Part D plan. Your enrollment in the Supplement Plan will be reported to Medicare.

3. What it costs

The monthly total cost is $272.00 per person.

A retiree or dependent who does not have the premium deducted from a TVA pension check must have payment drafted from a bank account. Call the TVA Service Center for an autopay form.

4. How to claim benefits

The following is information on how to file a Part B claim with BlueCross BlueShield (BCBS) for Supplement benefits.

Always show your Medicare and TVA Medicare Supplement identification card to your provider at time of service. If the provider accepts Medicare assignment for payment, he or she will file a claim for you with Medicare and list your TVA Medicare Supplement information or will file two separate claims (one with Medicare and the second with the local BCBS Plan).

Alabama Subscribers

Alabama residents will continue to file claims as they always have filed. Present your card to your provider. Your provider will file your claim with your Medicare number and your TVA number. Medicare will process the claim and then cross over to Medigap for BCBS to process. BCBS has an agreement with BCBS of Alabama to send information to them to process.

TVA Supplement enrollees who are residents of Alabama and who receive a Medicare benefit outside Alabama should present their cards to the provider. The provider will file the claim with Medicare and/or the local BCBS plan.

1. The party (such as you or your physician) who files the Medicare form must make the following entry in Box 9 of the Medicare claim form:

   Medigap-BlueCross BlueShield of Tennessee
   P.O. Box 180150
   Chattanooga, TN 37402-7150

   List the Enrollee's ID No.
   List the Enrollee's Group No.

NOTE: "Medigap" is the name of the national system of notifying supplement insurers.

— OR —

2. If a provider does not file for the enrollee, then the enrollee should submit the Medicare EOB to:

   BlueCross BlueShield of Tennessee
   P.O. Box 180150
   Chattanooga, TN 37402-7150

   List the Enrollee's ID No.
   List the Enrollee's Group No.

All Other States
Always show your Medicare and TVA Medicare Supplement identification card to your provider at time of service. If the provider accepts Medicare assignment for payment, he or she will file a claim for you with Medicare and list your TVA Medicare Supplement information or will file two separate claims (one with Medicare and the second with the local BCBS Plan).

If a provider does not file for the enrollee, then the enrollee should submit their Medicare EOB to:

BlueCross BlueShield of Tennessee
P.O. Box 180150
Chattanooga, TN 37402-7150

List the Enrollee's ID No.
List the Enrollee's Group No.

TVA Supplement claims may be filed by you or the Medicare provider at the same time. However, Blue Cross will not process Medicare Supplement claims until it receives information on the Medicare payment.

5. Limitations and exclusions

- Claims filed after limit has expired for filing Medicare claims
- Injuries or diseases covered by Workers' Compensation
- Services provided by an employer-sponsored program
- Services covered under federal, state, or local laws, or by a foreign government
- Disease contracted or injury sustained as a result of war
- Services or supplies not ordered by the attending physician or not for treatment of disease or injury
- Services of blood donors, blood and blood plasma, and packed cells, except as stated as a benefit
- Services provided to a subscriber during a confinement in a hospital or skilled nursing facility that began prior to the subscriber's effective date
- Services covered, or that could have been covered, under Medicare
- Benefits provided or services covered under any other policy, plan, or program of health insurance that duplicates the benefits of this program, except when payment by Blue Cross is limited to 20 percent
- Charges not approved by Medicare.

6. Travel abroad

The TVA Supplement provides inpatient and outpatient hospital benefits, equivalent to Medicare benefits, and certain physicians' services of the Medicare program while traveling abroad.

Contract

This brochure gives a brief explanation of the benefits. A copy of the contract that gives full details is available on request by calling the TVA Service Center.

Vision Plan Discounts

The vision care plan is administered by EyeMed Vision Care. The vision plan provides network discounts only for eye exams and the purchase of frames, lenses, lens options, and contact lenses. You use your EyeMed Vision Care Identification Card to verify your eligibility with a network provider. You pay for your eyewear at the time of purchase.

Managed Prescription Drugs

The Managed Prescription Drug Program includes both a retail card plan and a home delivery service plan. The plan is administered by Medco Health Solutions, Inc. The home delivery service plan is handled by Medco Health Home Delivery Pharmacy Service, and the retail card plan is handled by Medco Health Prescription Solutions, Inc. They are both registered trademarks of Medco Health Solutions, Inc.

The prescription drug coverage under the Supplement Plan meets Medicare Part D requirements and may provide greater coverage than that offered by other Medicare Part D plans.

Key features of the plan include electronic claims filing for all in-network drug purchases, and copayments for the purchase of generic and brand name drugs. The copayments apply to both retail and mail service prescriptions.

Retail pharmacies are for short-term medications. You can purchase a 30-day supply at a retail pharmacy for one copayment. The mail service pharmacy is for "maintenance" type prescriptions. You can purchase up to a 90-day supply for one copayment. You may also purchase a 90-day supply at a retail pharmacy and pay three 30-day copayments.

You must satisfy a combined retail and mail service deductible of $50.00 per person per calendar year. After the deductible has been satisfied, the following copayments must be made by you:

	Retail (30-day supply)	Mail Service (90-day supply)
Generic (Tier 1)	$10	$20
Brand (Tier 2)	$30	$60
Non-Formulary (Tier 3)	$50	$100
Specialty (Tier 5)	$50	$100

Medicare Part D has five categories, or tiers, of drugs. Tier 4 is not listed because Tier 4 drugs are those that are not covered at all by Medicare Part D plans, meaning that the plan pays nothing and the patient pays the full cost for those non-covered drugs. Specialty drugs include a category of expensive, generally biotechnological medications to treat patients with serious and complex conditions and may require special administration and handling.

More information is available in the Medco Health Solutions, Inc., brochure or by calling 800-592-4520 or the TVA Service Center at 888-275-8094.

What Is a Formulary?

A formulary is among the most powerful tools available to make sure you receive safe, effective, and affordable prescription drugs. Simply put, a formulary lists all drugs covered by your prescription drug plan. You are encouraged to discuss with your physician the drugs that are covered under your plan.

Besides listing the drugs preferred to treat a particular condition, a formulary excludes many drugs determined to be obsolete, ineffective, unproved, of questionable safety, or wastefully expensive.

For questions concerning prescription drugs, call Medco Health Solutions, Inc. at 800-592-4520 or the TVA Service Center at 888-275-8094.

Numbers to Know

TVA Service Center
400 W. Summit Hill Drive, WT CP-K
Knoxville, TN 37902
888-275-8094

BlueCross BlueShield of Tennessee
P.O. Box 180150
Chattanooga, TN 37402-7150
800-245-7942

BlueCross BlueShield of Alabama
450 Riverchase Parkway
East Birmingham, AL 35298
800-624-3966

Medco Health Solutions, Inc.
P.O. Box 630246
Irving, TX 75063
800-592-4520

EyeMed Vision Care
4000 Luxottica Place
Mason, OH 45040
877-226-1115